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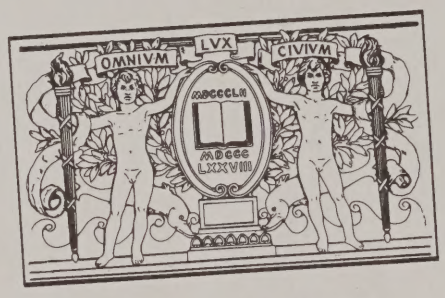

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PUBLIC INVESTMENT IN BOSTON, AND THE NEED FOR REVIVAL

Background Notes
For the Formation Meeting of the
Boston Infrastructure Committee
Convened by
Kevin H. White, Mayor
City of Boston

February 23, 1983

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I. SUMMARY

Boston's development boom has been growing since 1979 and the outlook for the 1980-90 decade is outstanding. Private investment completions in 1983 will surpass those of the previous peak year (1975), 1984 will exceed 1983, and, in turn, will be topped by those scheduled for 1986. Development underway and planned holds a potential for further favorable transformation of the City's economy, and for expanding opportunity.

The strong current of private investment flows, in part, from the needs generated by the growth of 50,000 net new jobs since 1976, and the prospects and potential for even greater jobs gains in the 1980-90 period.

The recent expansion of employment and private investment reflect, in turn, the successful transformation of Boston's economy initiated in an earlier phase of public and private investment in the 1960s and first half of the 1970s. After three decades of neglect, Boston's infrastructure was very substantially renovated with more than $2.5 billion of public investment since 1960, provided, in roughly equal shares, by the federal, state and city governments.

Since 1976, however, Boston's public investment has been declining. Job expansion and private development growth, nevertheless, have, thus far, not been severely inhibited, fortunately, because of the earlier strengthening of infrastructure capacity, as well as the private sector's willingness and ability to absorb a part of the public investment costs related to private project development. The backlog of infrastructure replacement needs and requirements for new public investment in facilities and infrastructure related to development

underway and planned is very substantial, however. Employment growth and private development investment may soon be constrained, well short of Boston's aspirations, in the absence of a new effort in infrastructure investment.

II. THE PRIVATE DEVELOPMENT INVESTMENT BOOM

Boston is experiencing an extraordinary development investment boom that is generating jobs, raising revenue, transforming the City's economy, and strengthening the fabric of many Boston neighborhoods. Private development investment completions in 1983 will reach a new peak, surpassing the previous high year of 1975. See Table 1. Investment had reached a high water mark in that earlier year, declined thereafter to a low level in 1979, and has been rising since. Private investment completions in 1983 are expected to reach $755 million, only to be exceeded by $945 million, in 1984, and topped at $1,350 million, in 1986. Private investment of this magnitude will significantly advance the transformation of the Boston economy attuning it well to those sectors of the national economy expanding most rapidly.

BOSTON (PRIVATE) DEVELOPMENT SUMMARY,
BY ECONOMIC SECTOR, BY YEAR OF COMPLETION, PAST AND SCHEDULED
1975-1986

COST (1982 CONSTANT $1,000S)

YEAR	OFFICE	RETAIL	MEDICAL	EDUCATIONAL	CULTURAL	TRANSPORT.	INDUSTRIAL	HOTEL	MIXED & OTH	RESIDENTIAL
1975	$559,569	$11,230	$5,780		$2,312		$3,303	$57,634		$72,013
1976	$141,367	$9,417	$109,396	$3,139	$8,946	$1,570				$113,445
1977	$96,387	$17,053		$111,215						$99,139
1978	$12,990	$73,308	$62,184	$8,291	$19,761		$10,088			$55,518
1979	$21,911	$4,459		$20,382	$9,427		$18,853	$10,318		$46,847
1980	$15,960	$4,527	$81,250	$14,277	$6,616		$1,660			$50,787
1981	$155,966	$7,970	$217,415	$13,257	$22,484	$31,817	$17,162	$33,938		$77,440
1982	$81,264	$13,800	$72,500	$500	$6,600	$7,500	$36,590	$94,700		$120,570
1983	$316,733	$47,240	$87,700		$41,761	$29,800	$69,529	$80,671	$14,200	$115,300
1984	$209,250	$53,712	$61,500	$3,200	$8,300	$31,140	$50,100	$205,510	$125,000	$245,705
1985	$259,090	$21,900			$8,000	$115,250	$79,000	$40,000		$90,070
1986	$560,600	$34,920			$4,200	$134,700	$151,300	$85,000	$100,000	$145,560
TOTALS	$2,431,086	$299,536	$697,725	$174,262	$138,407	$351,776	$437,585	$607,771	$239,200	$1,232,394

T O T A L S

1975	$711,840
1976	$387,280
1977	$323,794
1978	$242,140
1979	$132,197
1980	$175,076
1981	$577,448
1982	$434,024
1983	$802,934
1984	$993,417
1985	$613,310
1986	$1,216,280
TOTAL	$6,609,741

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III. RECENT JOB GROWTH AND FUTURE PROSPECTS

The development boom represents both a response to the needs created by the growth of 50,000 jobs, from 1976 to 1981, as well as the potential for even more substantial job expansion in the 1980-90 decade. See Table 2. The services revolution, a national phenomena involving the more rapid growth in services than in goods-producing activities, has done well for Boston with its long-held specialization in business and professional services, higher education and medicine, finance and insurance. Employment in these activities has experienced virtually uninterrupted growth in Boston for more than ten years.

For the future, long-term prognoses for the national economy, as well as that of the state, suggest that Boston, with its transformed economic base, may gain an estimated 80,000 jobs in the 1980-90 decade. See Tables 3,4,5, and 6.

Table 2

EMPLOYMENT IN BOSTON (SUFFOLK COUNTY) BY MAJOR INDUSTRY

	1970	1976	1979	1980	1981
Fishing, Agriculture, & Mining	746	840	594	593	540
Construction	17,822	9,567	10,303	10,844	10,946
Manufacturing	67,491	56,492	57,273	54,955	53,792
Transportation, Communications & Public Utilities	43,029	35,114	35,963	37,692	38,004
Trade	126,411	93,099	91,575	90,700	90,870
Wholesale	43,992	32,863	29,677	29,999	29,646
Retail	82,419	60,236	61,898	60,701	61,224
Finance, Insurance, Real Estate	72,271	63,322	66,371	71,163	74,512
Services	140,415	166,491	185,124	191,483	194,148
Proprietors	12,430	11,242	11,920	12,216	12,360
Government	93,674	88,518	97,365	100,167	97,703
Federal	40,057	25,963	27,764	28,299	-
State and Other Local	30,355	40,636	48,612	51,181	-
Boston	23,262	21,919	20,989	20,687	-
TOTAL	574,289	524,685	556,488	569,813	572,875

Source: Boston Redevelopment Authority Research Department based on U.S. Bureau of Economic Analysis Employment Series for Suffolk County. Employment in Boston is 96 percent of Suffolk County, which also includes Chelsea, Revere and Winthrop. 1981 is estimated on the basis of information from the Massachusetts Division of Employment Security.

Table 3

CITY OF BOSTON EMPLOYMENT PROJECTIONS BY MAJOR INDUSTRIAL GROUP
1980 AND PROJECTED 1990

Industry	Employment 1980	Employment 1990	Net Change 1980-90	Percent Change 1980-90
Total	548,497	631,517	+83,020	+15.1%
Agriculture, Forestry, Fishing	518	528	+ 10	+ 2.1
Mining	45	45	0	0
Construction	10,163	12,446	+ 2,238	+22.5
Manufacturing	51,861	56,529	+ 4,668	+ 9.0
Durables	20,615	25,130	+ 4,515	+21.9
Non-Durables	31,246	31,399	+ 325	.5
Transportation, Communications, Public Utilities	36,660	40,569	+ 3,909	+10.6
Trade	83,027	95,121	+12,094	+14.6
Wholesale	27,308	30,611	+ 3,303	+12.1
Retail	55,719	64,510	+ 8,791	+15.8
Finance, Insurance, Real Est.	70,451	85,028	+14,577	+20.7
Services	187,991	239,267	+51,276	+27.3
Business and Personal	54,994	73,713	+18,719	+34.0
Professional	132,997	165,554	+32,557	+24.5
Proprietors	11,764	10,000	- 1,764	-15.0
Government	96,017	91,984	- 4,033	- 4.2%

Source: See Table 4.

Table 4

I. CITY OF BOSTON EMPLOYMENT PROJECTIONS,
BY DETAILED (2-DIGIT SIC) INDUSTRIES, 1980-1990
(Number of Workers)

SIC Code	Industry	Boston 1980 Actual	Boston 1990 Projected	Job Change 1980-1990 Number	Job Change 1980-1990 Percent
Total		548,497	631,517	+83,020	+15.1
Agri., Forest, Fisheries		518	528	+ 10	+ 2.1
01	Agriculture-Crops	81	83	+ 2	+ 1.9
02	Agriculture-Livestock	0	0	0	0
07	Agricultural Services	394	401	+ 7	+ 2.7
08	Forestry	0	0	0	0
09	Fisheries	43	44	+ 1	+ 2.7
Mining		45	45	0	0
Construction		10,163	12,446	+2,283	+22.5
15	General Building	2,748	3,331	+ 583	+21.2
16	General Contracting	1,165	1,421	+ 256	+22.0
17	Special Contracting	6,250	7,694	+1,444	+23.1
Manufacturing		51,861	56,529	+4,668	+ 9.0
Durable Goods		20,615	25,130	+4,515	+21.9
24	Lumber & Wood	243	266	+ 23	+ 9.6
25	Furniture & Fixtures	885	838	- 47	- 5.5
32	Stone, Clay, & Glass	342	341	- 1	- 0.4
33	Primary Metals	766	806	+ 40	+ 5.2
34	Fabricated Metals	6,970	8,489	+1,519	+21.8
35	Non-Electric Machinery	4,221	5,808	+1,587	+19.6
36	Electrical Equipment	2,296	2,859	+ 563	+21.2
37	Transportation Equipment	960	1,036	+ 76	+ 7.9
38	Instruments	2,364	3,146	+ 782	+33.1
39	Miscellaneous Mfg.	1,568	1,541	- 27	- 1.7
Non-Durable Goods		31,246	31,399	+ 325	+ .5
20	Food Products	5,635	5,489	- 146	- 2.6
21	Tobacco Products	0	0	0	0
22	Textile Products	629	579	- 50	- 8.0
23	Apparel & Accessories	7,636	7,407	- 229	- 3.0
26	Paper & Pulp	1,121	1,083	- 38	- 3.4
17	Printing & Publishing	11,384	11,623	+ 239	+ 2.1
28	Chemical & Related Goods	2,202	2,550	+ 348	+15.8
29	Petroleum & Coal	248	255	+ 7	+ 2.7
30	Rubber & Plastics	1,143	1,403	+ 260	+22.7
31	Leather Products	1,248	1,010	- 238	-19.1

SIC Code	Industry	Boston 1980 Actual	Boston 1990 Projected	Job Change 1980-1990 Number	Percent
Transportation/Communications/ Utilities		36,660	40,569	+3,909	+10.6
40	Railroad Transportation	0	0	0	0
41	Local Passenger Transp.	1,924	1,787	- 137	- 7.1
42	Trucking & Warehousing	3,902	3,836	- 66	- 1.7
44	Water Transportation	1,220	1,220	0	0
45	Air Transportation	8,963	8,246	- 717	- 8.0
46	Pipeline Transportation	0	0	0	0
47	Transportation, Services	1,917	2,561	+ 644	+33.6
48	Communication	13,961	17,926	+3,965	+28.4
49	Electric, Gas, & Sanitary	4,773	4,993	+ 220	+ 4.6
Trade		83,027	95,121	+12,094	+14.6
Wholesale Trade		27,308	30,611	+ 3,303	+12.1
50	Durable Goods	13,636	15,927	+ 2,291	+16.8
51	Non-Durable Goods	13,672	14,684	+ 1,012	+ 7.4
Retail Trade		55,719	64,510	+ 8,791	+15.8
52	Building Materials	826	871	+ 45	+ 5.5
53	General Merchandise	8,089	8,501	+ 412	+ 5.1
54	Food Stores	7,543	7,988	+ 445	+ 5.9
55	Automotive & Service	2,727	2,752	+ 25	+ .9
56	Apparel & Accessory	5,116	5,546	+ 430	+ 8.4
57	Furniture & Fixtures	1,784	1,910	+ 126	+ 7.1
58	Eating & Drinking	21,203	17,373	+ 6,170	+29.1
59	Miscellaneous Retail	8,431	9,569	+ 1,138	+13.5
Finance, Insurance, Real Estate		70,451	85,028	+14,577	+20.7
60	Banking	17,443	20,391	+ 2,948	+16.9
61	Credit Institutions	2,186	3,157	+ 971	+44.4
62	Security Brokers	7,782	11,237	+ 3,455	+44.4
63	Insurance Carriers	28,576	31,576	+ 3,000	+10.5
64	Insurance Services	4,977	5,818	+ 841	+16.9
65	Real Estate	8,105	11,039	+ 2,934	+36.2
66	Other Ins. & Real Estate	209	268	+ 59	+28.2
67	Holding & Investment Cos.	1,173	1,542	+ 369	+31.5
Services		187,991	239,267	+51,276	+27.3
Business & Personal		54,994	73,713	+18,719	+34.0
70	Hotel & Lodging	5,974	8,053	+ 2,079	+34.8
72	Personal Services	4,127	4,185	+ 58	+ 1.4
73	Business & Advertising	35,205	50,977	+15,772	+44.8
75	Auto Repair & Services	4,371	4,891	+ 520	+11.9
76	Miscellaneous Repair	1,047	1,188	+ 141	+13.5
78	Motion Pictures	1,451	1,541	+ 90	+ 6.2
79	Amusement & Recreation	2,819	2,878	+ 59	+ 2.1

SIC Code	Industry	Boston 1980 Actual	Boston 1990 Projected	Job Change 1980-1990 Number	Job Change 1980-1990 Percent
Services (continued)					
Professional		132,997	165,554	+32,557	+24.5
80	Health & Hospitals	59,776	76,812	+17,036	+28.5
81	Legal Services	8,362	11,473	+ 3,111	+37.2
82	Educational Services	24,112	23,750	- 362	- 1.5
83	Social Services	12,648	17,366	+ 4,718	+37.3
84	Museums & Gardens	1,407	1,749	+ 342	+24.3
86	Membership Organizations	5,617	5,645	+ 28	+ 0.5
88	Private Household Workers	437	444	+ 7	+ 1.5
89	Miscellaneous Professional Engin./Arch./Research/ Auditing	20,638	28,315	+ 7,677	+37.2
Proprietors (Self-Employed)		11,764	10,000	- 1,764	-15.0
Government (Fed., State, Local)		96,017	91,984	- 4,033	- 4.2

Source and Methodology:

Compiled by BRA Research Department using projections of U.S. industry employment growth 1980-1990 from Valerie Personick, "The Outlook for Industry Output and Employment through 1990", Monthly Labor Review, August 1981 pp. 28-41, and Massachusetts projections of industry employment prepared by the Massachusetts Division of Employment Security, "Massachusetts Employment: Projected Changes 1980 to 1990", October 1982. Boston projections were made at the detailed (2-digit SIC) industry level, taking the lower of the growth rates from the national and state projections (usually Massachusetts rates) except for a selection of about 20 (2-digit SIC) industries which give reasonable evidence of being fast-growth industries for Boston over the 1980-1990 time period. Thus, the Boston projection series is a "high growth scenario", and compares with an alternative moderate growth scenario of 60,000 net new jobs, for the period.

Table 5

BOSTON'S TOP FIFTEEN GROWTH INDUSTRIES FOR THE 1980s

Jobs			Percent		
1.	Health & Hospitals	17,036	1.	Business & Advertising	44.8%
2.	Business & Advertising	15,772	2.	Credit Institutions	44.4
3.	Misc. Prof. Services	7,677	3.	Security Brokers	44.4
4.	Eating & Drinking Estab.	6,170	4.	Misc. Prof. Services	37.2
5.	Social Services	4,718	5.	Legal Services	37.2
6.	Communications	3,965	6.	Social Services	37.2
7.	Security Brokers	3,455	7.	Real Estate	36.2
8.	Legal Services	3,111	8.	Hotel & Lodging	34.8
9.	Insurance Carriers	3,000	9.	Transportation Serv.	33.6
10.	Banking	2,948	10.	Instruments	33.1
11.	Real Estate	2,934	11.	Holding & Investment	31.5
12.	Wholesale Trade-Durables	2,291	12.	Eating & Drinking Est.	29.1
13.	Hotel & Lodging	2,079	13.	Health & Hospitals	28.5
14.	Non-Electric Machinery	1,587	14.	Communications	28.4
15.	Fabricated Metals	1,519	15.	Other Insurance/Real Estate	28.2%

Source: Compiled by BRA Research Department. See Table 4.

Table 6

BOSTON'S TOP FIFTEEN DECLINING INDUSTRIES IN THE 1980s

Jobs			Percent		
15.	Government	-4,033	15.	Leather Products	-19.1%
14.	Proprietors	-1,764	14.	Proprietors	-15.0
13.	Air Transportation	- 717	13.	Textile Products	- 8.0
12.	Educational Services	- 362	12.	Air Transportation	- 8.0
11.	Leather Products	- 238	11.	Local Passenger Trans.	- 7.1
10.	Apparel Products	- 229	10.	Furniture & Fixtures	- 5.5
9.	Food Products	- 146	9.	Government	- 4.2
8.	Local Passenger Trans.	- 137	8.	Paper & Pulp	- 3.4
7.	Trucking/Warehousing	- 66	7.	Apparel Products	- 3.0
6.	Textile Products	- 50	6.	Food Products	- 2.6
5.	Furniture & Fixtures	- 47	5.	Misc. Manufacturing	- 1.7
4.	Paper & Pulp	- 38	4.	Trucking/Warehousing	- 1.7
3.	Misc. Manufacturing	- 27	3.	Educational Services	- 1.5
2.	Stone, Clay, Glass	- 1	2.	Stone, Clay, Glass	- 0.4
1.	Mining	0	1.	Mining	0.0%

Source: Compiled by BRA Research Department. See Table 4.

IV. THE ROLE OF PUBLIC INVESTMENT

The rise in private investment, since 1979, and the expansion of employment, since 1976, were greatly facilitated by noteworthy levels of public infrastructure investment, since the early 1960s, after three decades of neglect. Almost $2.5 billion was invested in Boston's public infrastructure, from 1962 to 1980, in schools, urban renewal, water and street projects, public transit, airport, seaport, and health and hospital facilities--financed, in approximately equal shares, by the federal government, the Commonwealth, and the City of Boston. See Table 7. The major strength of the City's public investment effort was marshalled from 1967 to 1977, and was important in facilitating and encouraging the roles of the federal government and the state. See Table 8.

Boston's public infrastructure had suffered from long years of abandonment. Boston's thirty-year depression, following 1929, was evidenced by negligible levels of both public and private investment. Boston's net funded debt in 1956 had sunk to a level of $59 million, less than half that of a quarter century earlier in 1932 (all measured in dollars of current value). See Figures 1 and 2. Both government and the private sector had virtually given up on Boston.

With the emergence of more favorable national economic trends (the services revolution), new tax incentive legislation (Massachusetts Law 121A), the urban renewal program, and the revival of Boston's century old specialization in finance and insurance, higher education and medicine, and business and professional services, Boston's public and private leadership undertook an ambitious investment effort to rebuild and transform the City's economy. In the years 1968-77, City public

Table 7

PUBLIC CAPITAL EXPENDITURES IN BOSTON BY FINANCING SOURCE, 1962-1977[1]

(in millions)

Source	Public Schools	Urban Renewal	Water and Sewer	Highways and Streets	Mass[2] Transit	Airport and Port	Municipal Buildings	Health and Hospitals	Misc.	Total
City of Boston	$192	$ 57.6	$ 50.8	$ 61			$84.4	$80.9	$ 90.4	$617.2
Regional and Local Authorities			30	109	$137	$395			15.5	686.5
Commonwealth of Massachusetts	69	11.2	4.2	74						158.4
Federal Government		270	135.5	97	115	24		7.3	35	683.6
TOTAL	$261	$338.8	$220.3	$341	$252	$419	$84.4	$88.2	$140.9	$2145.7

1. In some cases financial data was only available from 1964 to 1977.
2. Does not include $91 million for rolling stock purchases between 1964 and 1977.

Sources: Figures from local records of the City of Boston and County of Suffolk, the Metropolitan District Commission, the Massachusetts Bay Transportation Authority, the Massachusetts Port Authority, the Massachusetts Turnpike Authority; and state and federal government aid to each of these sources.

CITY OF BOSTON CAPITAL EXPENDITURES[1] BY FUNCTION

($ million)

	Public[2] Schools	Urban[3] Renewal	Municipal Buildings	Health and Hospitals	City Streets	Water & Sewer	All[4] Other	Total
1962-66	$ 7.7	$ 3.8	$37.4	$ 6.5	$12.9	$ 4.1	$ 5.2	$ 77.2
1967/72	98.4	43.3	34.9	33.7	25.0	8.4	57.8	301.7
1974-77[5]	155.0	51.2	25.3	40.7	23.4	7.8	34.3	337.9
TOTAL	$261.1	$98.3	$97.6	$80.9	$61.3	$20.3	$97.3	$716.8

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1. Outlays principally from the city's capital improvement fund; total also includes $18.3 million from general revenues.

2. Approximately 40 percent of these expenditures were eligible for reimbursement from the state.

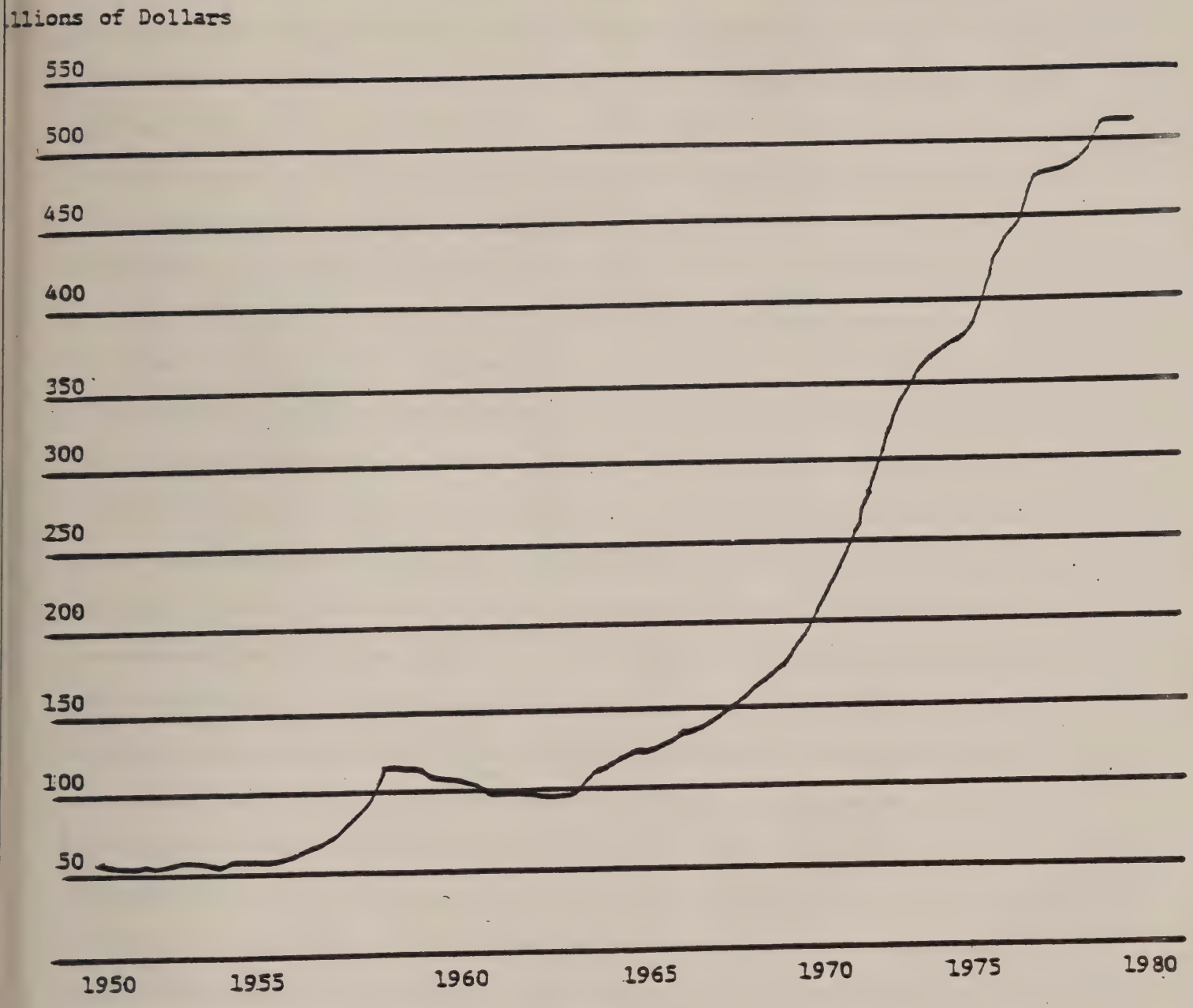
3. Approximately 35 percent of these expenditures are eligible for reimbursement from the state.

4. Includes expenditures for parks and recreation, libraries, parking facilities, and various public works projects.

5. Due to a change in the city's fiscal year, 1974 includes expenditures for the 18 month period from January 1, 1973 through June 30, 1974.

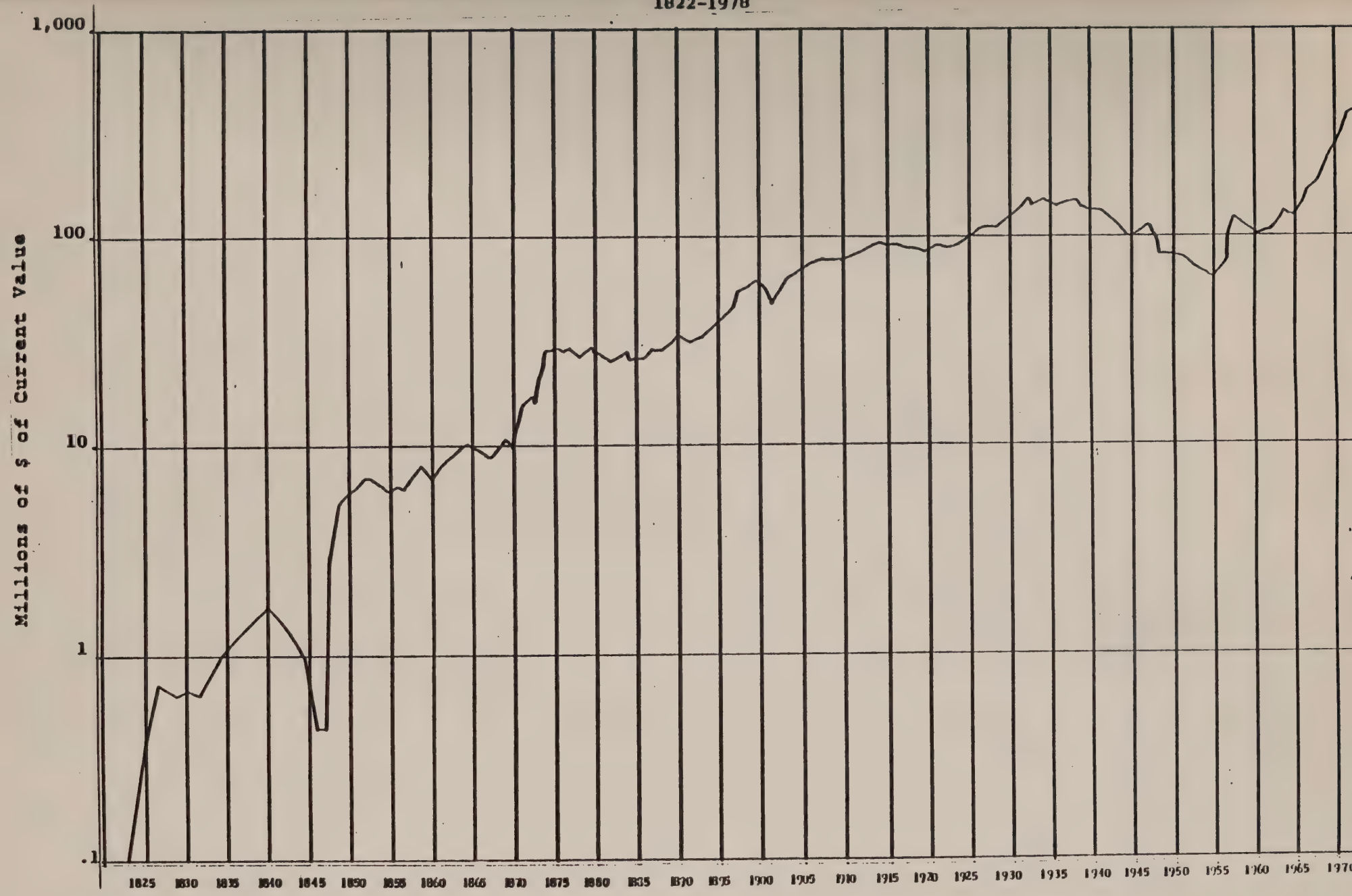
Source: Unpublished data from the City of Boston, collected by the Urban Institute.

City of Boston Outstanding Capital Debt
1950-1980



Source: City of Boston Official Statement of Gross Direct and Guaranteed Debt Outstanding.

THE CITY OF BOSTON
1822-1978

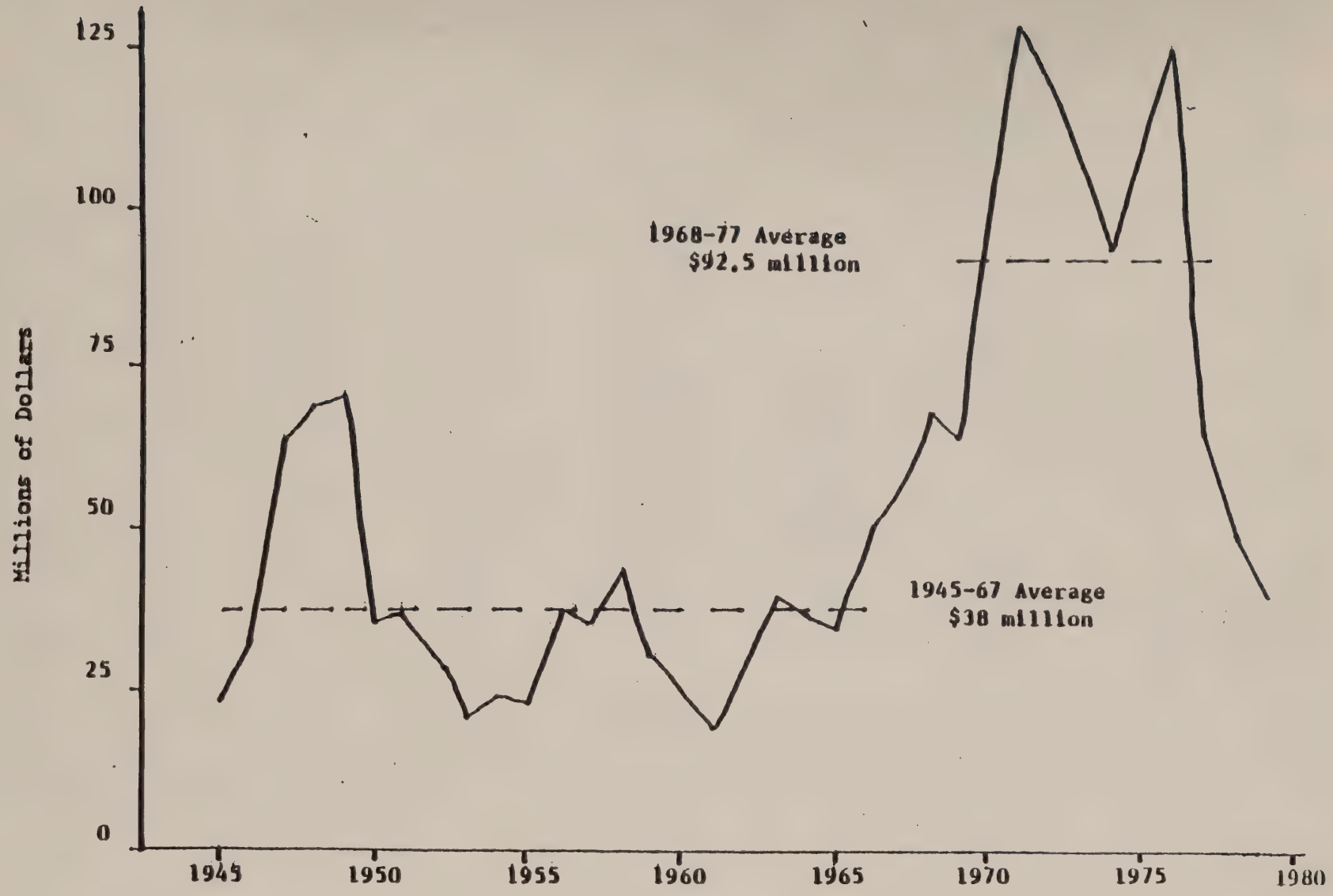


Source: BRA Research/C. Carlaw and City of Boston Auditing Department/J. Aducci.

investment was more than double that of the preceding post-war years. See Figure 3.

City of Boston long-term general obligation bonds issued for public infrastructure investment uses totaled $1.3 billion (measured in dollars of constant value at 1980 prices from 1965 to 1980. See Table 9. Of this total, one-third was dedicated to schools, one-fourth to urban renewal and sewer and water facilities, streets and bridges, one-fourth to municipal and hospital facilities, and one-sixth to building renovations, parks and equipment.

CITY OF BOSTON CAPITAL EXPENDITURES, 1945-1979
(in constant 1978 dollars)



Source: For the years 1945-1979, Boston Redevelopment Authority Research Department, Series Based on Auditing Department Annual Reports. 1978 and 1979 capital expenditures taken from the City of Boston's Financial Statements; 1979 expenditures adjusted for inflation using the U.S. Dept. of Commerce Construction Composite Cost Index.

Table 9

CITY OF BOSTON - BOND ISSUE ANALYSIS
CAPITAL EXPENDITURES BY FUNCTION, 1965-1980
(BY DATE OF ISSUE)
(Expenditures in thousands of Dollars of Constant Value at 1980 Prices)

Year	Total	Water/ Sewer/ Highway/ Bridges	Municipal Facilities	School Facilities	Urban Renewal/ Economic Development	Hospital Facilities	Building Renovations and Miscellaneous	Parks	Equipment
1965	34,845	8,430	13,348	2,810	2,810	0	3,653	0	3,794
1966	50,135	8,672	13,821	5,420	10,027	0	11,382	0	813
1967	82,111	9,512	35,037	11,475	10,787	0	7,650	0	7,650
1968	72,431	14,835	34,606	0	15,730	0	4,840	0	2,420
1969	98,101	16,650	37,238	5,625	23,625	0	13,388	0	1,575
1970	104,500	18,601	21,903	26,125	19,792	8,360	6,584	836	2,299
1971	122,265	1,755	25,740	59,475	18,525	13,650	0	3,120	0
1972	155,401	15,263	9,065	71,225	6,753	37,370	6,845	8,325	555
1973	46,710	4,325	0	17,300	11,245	13,840	0	0	0
1974	67,683	4,710	8,243	23,212	12,756	9,420	2,434	5,338	1,570
1975	57,572	1,584	9,648	16,992	8,950	8,640	0	11,758	0
1976	162,002	15,660	3,551	94,568	26,393	13,500	5,630	0	2,700
1977	100,800	8,190	8,789	58,590	19,139	3,270	1,562	0	1,260
1978	29,500	1,274	1,062	18,632	1,977	2,838	1,121	1,180	1,416
1979	59,951	6,268	6,649	25,615	13,331	1,090	2,747	1,308	2,943
1980	55,000	12,570	15,925	10,180	4,175	0	4,800	3,100	4,250
Tot.	1,299,007	148,299	244,625	447,244	206,015	111,978	72,636	34,965	33,245

Source: City of Boston, Office of Fiscal Affairs. September, 1982.
Compiled by BRA Research Department.

V. THE NEED TO REVIVE BOSTON'S PUBLIC INFRASTRUCTURE INVESTMENT

Boston's public investment expenditures (capital outlays) declined rapidly after peaking in FY1976, impacted successively by budget constraints, limited revenue growth, the burden of debt service, a more costly bond market, and, finally tax limitation legislation. Boston's capital outlays fell by almost two-thirds from FY1976 to FY1980, and by a further two-thirds between FY1980 and FY1982, as Boston ceased issuing long-term general obligation bonds as a consequence of the impact of Proposition "2½" and the mandate to cut the tax levy on the prospects for marketability of new bond issues. See Table 10. Capital outlays, as a share of city expenditures, fell from thirteen percent in FY1976, to two percent in FY1982. See Table 11.

With the successful sale of $45 million of Tregor bonds in January 1983, and modestly improved fiscal prospects for 1983, the City hopes to begin the revival of a capital program with a planned long-term bond issue of perhaps $40 million this Spring.

In the meantime, the backlog of accumulated capital outlay needs is continuing to mount. There are large needs for maintenance and replacement of the existing infrastructure, as well as new needs for public facilities and infrastructure associated with the rising flow of private development investment underway and planned, which has been expanding since 1979.

Private development investment could proceed for a short period of time without the commensurate public infrastructure back-up. The substantial renovation of infrastructure in earlier years, some continued flow of federal funds, and the private sector's willingness and ability to pick up some public costs have given Boston a period of

Table10

SUMMARY EXPENDITURE SERIES
CITY OF BOSTON EXPENDITURES BY MAJOR CATEGORY, 1960 - 1982
(IN MILLIONS OF CONSTANT FY1981 DOLLARS)

YEAR	TOTAL	DEPART-MENTAL	SCHOOL	COUNTY	CAPITAL OUTLAYS	FIXED COSTS
1960	777	423	123	27	27	177
1961	787	428	126	27	20	186
1962	793	427	128	29	32	177
1963	826	454	135	28	47	163
1964	863	476	143	31	43	171
1965	903	499	149	30	42	184
1966	950	522	164	31	56	178
1967	1013	564	173	32	61	184
1968	1035	536	187	35	76	200
1969	877	374	193	35	75	200
1970	979	427	202	37	126	187
1971	1098	436	219	37	156	250
1972	1112	455	234	41	141	241
1974*	1486	653	361	60	124	289
1975	1112	462	253	39	141	217
1976	1219	496	286	41	157	241
1977	1125	475	275	41	80	254
1978	1096	513	263	42	57	221
1979	1104	516	269	42	55	222
1980@	1056	504	265	14	56	218
1981@X	1002	453	268	14	28	239
1982@X	838	309	245	10	18	257

* NOTE: FY1974 INCLUDES 18 MONTH TIME SPAN, 12 MONTHS 1973 PLUS FIRST 6 MONTHS 1974. HIGHER TOTAL REFLECTS THIS FACT.

@ NOTE: 1980-1982 EXPENDITURE AND REVENUE SERIES SUB-CATEGORIES MAY NOT BE ENTIRELY CONSISTENT WITH PRIOR YEAR SUB-CATEGORIES BECAUSE PRELIMINARY AND LESS DETAILED REPORTS WERE USED.

X NOTE: INCLUDES PROPERTY TAX ABATEMENTS AND SCHOOL DEPARTMENT OVERRUNS IN FY1981 AND FY1982.

SOURCE: CITY OF BOSTON AND COUNTY OF SUFFOLK, AUDITING DEPARTMENT, ANNUAL FINANCIAL REPORTS, 1960-1979.
CITY OF BOSTON, AUDITING AND TREASURY DEPARTMENTS, PRELIMINARY FISCAL WORKSHEETS, 1980-1982.
BOSTON MUNICIPAL RESEARCH BUREAU, "REPORTS," 1980-1982.

ROWS MAY NOT EXACTLY EQUAL TOTAL DUE TO ROUNDING

Table 11

SUMMARY EXPENDITURE SERIES
COMPOSITION OF CITY EXPENDITURES BY MAJOR CATEGORY, 1960 - 1982
(IN PERCENT)

YEAR	TOTAL	DEPART-MENTAL	SCHOOL	COUNTY	CAPITAL OUTLAYS	FIXED COSTS
1960	100	54	16	4	4	23
1961	100	54	16	3	3	24
1962	100	54	16	4	4	22
1963	100	55	16	3	6	20
1964	100	55	17	4	5	20
1965	100	55	16	3	5	20
1966	100	55	17	3	6	19
1967	100	56	17	3	6	18
1968	100	52	18	3	7	19
1969	100	43	22	4	9	23
1970	100	44	21	4	13	19
1971	100	40	20	3	14	23
1972	100	41	21	4	13	22
1974*	100	44	24	4	8	19
1975	100	42	23	4	13	19
1976	100	41	23	3	13	20
1977	100	42	24	4	7	23
1978	100	47	24	4	5	20
1979	100	47	24	4	5	20
1980@	100	48	25	1	5	21
1981@X	100	45	27	1	3	24
1982@X	100	37	29	1	2	31

* NOTE: FY1974 INCLUDES 18 MONTH TIME SPAN, 12 MONTHS 1973 PLUS FIRST 6 MONTHS 1974. HIGHER TOTAL REFLECTS THIS FACT.

@ NOTE: 1980-1982 EXPENDITURE AND REVENUE SERIES SUB-CATEGORIES MAY NOT BE ENTIRELY CONSISTENT WITH PRIOR YEAR SUB-CATEGORIES BECAUSE PRELIMINARY AND LESS DETAILED REPORTS WERE USED.

X NOTE: INCLUDES PROPERTY TAX ABATEMENTS AND SCHOOL DEPARTMENT OVERRUNS IN FY1981 AND FY1982

SOURCE: CITY OF BOSTON AND COUNTY OF SUFFOLK, AUDITING DEPARTMENT, ANNUAL FINANCIAL REPORTS, 1960-1979.
CITY OF BOSTON, AUDITING AND TREASURY DEPARTMENTS, PRELIMINARY FISCAL WORKSHEETS, 1980-1982.
BOSTON MUNICIPAL RESEARCH BUREAU, "REPORTS," 1980-1982.

ROWS MAY NOT EQUAL 100 PERCENT DUE TO ROUNDING

grace, but a vacuum in City of Boston public investment cannot long continue without endangering the achievement of private development investment and job creation goals.

A landmark study, The Future of Boston's Capital Plant, published by the Urban Institute of Washington, D.C., a private non-profit research organization, in 1980, identified a backlog of maintenance and replacement needs for Boston sewer and water facilities, streets and bridges, and public transit of more than $1 billion.

A similar order of magnitude of public investment needs flowing from new private development projects underway and planned was estimated, in 1980.